

**From:** [Bienenstock, Martin J.](#)  
**To:** [Miller, Atara](#)  
**Cc:** [Dunne, Dennis](#); [Leblanc, Andrew](#); [Rosen, Brian S.](#); [Rappaport, Lary Alan](#); [Desatnik, Daniel](#); [Stevens, Elliot](#); [nmitchell@omm.com](#); [Friedman, Peter](#); [Mainland, Grant](#)  
**Subject:** RE: FOMB/Ambac v. Commonwealth  
**Date:** Thursday, June 6, 2019 12:37:25 PM

Thanks for your response. To state the obvious, the reason to bifurcate is to avoid unnecessary and wasteful uses of resources on the merits, if Ambac lacks standing to bring its motion and actions in the first place.

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**From:** Miller, Atara <AMiller@milbank.com>  
**Sent:** Thursday, June 6, 2019 12:23 PM  
**To:** Bienenstock, Martin J. <mbienenstock@proskauer.com>  
**Cc:** Dunne, Dennis <DDunne@milbank.com>; Leblanc, Andrew <ALeblanc@milbank.com>; Rosen, Brian S. <brosen@proskauer.com>; Rappaport, Lary Alan <LRappaport@proskauer.com>; Desatnik, Daniel <DDesatnik@proskauer.com>; Stevens, Elliot <EStevens@proskauer.com>; nmitchell@omm.com; Friedman, Peter <pfriedman@omm.com>; Mainland, Grant <GMainland@milbank.com>  
**Subject:** Re: FOMB/Ambac v. Commonwealth

Yes, we oppose this further request to bifurcate. There is no reason why any objection to standing can't be raised as part of the fulsome objection.

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On Jun 6, 2019, at 12:16 PM, Bienenstock, Martin J. <[mbienenstock@proskauer.com](#)> wrote:

Thanks, Atara. As this is a gating issue, we plan to tee it up promptly and ask for a ruling at the earliest time the judge deems appropriate. Do you oppose dealing with it separately and up front?

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**From:** Miller, Atara <[AMiller@milbank.com](#)>  
**Sent:** Thursday, June 6, 2019 11:54 AM  
**To:** Bienenstock, Martin J. <[mbienenstock@proskauer.com](#)>  
**Cc:** Dunne, Dennis <[DDunne@milbank.com](#)>; Leblanc, Andrew <[ALeblanc@milbank.com](#)>; Rosen, Brian S. <[brosen@proskauer.com](#)>; Rappaport, Lary Alan <[LRappaport@proskauer.com](#)>; Desatnik, Daniel <[DDesatnik@proskauer.com](#)>; Stevens, Elliot <[EStevens@proskauer.com](#)>; [nmitchell@omm.com](#); Friedman, Peter <[pfriedman@omm.com](#)>; Mainland, Grant <[GMainland@milbank.com](#)>  
**Subject:** Re: FOMB/Ambac v. Commonwealth

Martin,

We disagree with your views on the applicability of section 705 of the Trust Agreement to the stay motion. Ambac has no intention of withdrawing its motion.

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On Jun 5, 2019, at 4:40 PM, Bienenstock, Martin J. <[mbienenstock@proskauer.com](#)> wrote:

Dennis, Andy, Atara:

Section 705 of the Trust Agreement dated as of October 1, 1988 between Puerto Rico Infrastructure Financing Authority ("PRIFA") and Citibank, N.A., as Trustee, provides "No Holder of any of the Bonds shall have any right to institute, appear in or defend any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder...."

Ambac's motion dated May 30, 2019 requests a ruling that no permission is required, or else permission, to bring two actions ((the U.S. Treasury Action and the PRIFA Clawback Action as defined in paragraph 10 of the motion)). Each action and Ambac's motion is based on Ambac's holding or guaranteeing of PRIFA bonds under the Trust Agreement, and the actions request orders escrowing or otherwise controlling taxes Ambac asserts were transferred to PRIFA and secure the bonds. Simply put, Ambac is attempting to procure and control what it contends is collateral for the Bonds. It is quintessentially an "action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder...."

It appears clear that neither Ambac nor any Bondholder has standing to pursue the two actions and the instant motion. Please advise us by noon tomorrow that Ambac is withdrawing its motion, or the reason why Ambac refuses to do so. Many thanks.

**Martin J. Bienenstock**  
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